

variety of ways. One, we suggested that we, in fact, improve the efficiency, for instance, of our air conditioners which have enormous improvements we can make of the efficiency of air conditioners to reduce the demand of electricity and reduce the fossil fuel we burn to create electricity.

We think people who buy autos that are efficient ought to get a tax break to try to reduce the amount of CO<sub>2</sub> emissions we put into the air. We think that we ought to use the regulatory basis to improve the efficiency of our automobiles through the government acting as well as we have to improve the CAFE standards which we stopped in the early 1980s.

It is interesting, we improved the mileage of our cars dramatically in the 1970s, but we stopped in 1983; and we actually have gone backwards in the mileage of our cars. I mean, think about that. At the very time we have created the world's best computers, the world's most vibrant biotech industry, we have gone backwards in what our auto industry has given us for mileage of our cars. That is an abysmal record, and we ought to improve this and get back on this track of improving the fuel efficiency of our vehicles; and that is very possible. That is part of our new Apollo Energy Project.

Now I want to say, too, it is very important to realize there are no silver bullets to any of the challenges we have here tonight, and we recognize that. There is no one technology that is going to solve all of our energy challenges. We believe we have to have a very broad-based approach to do the research and development work that it is going to take to meet our challenges, and that means that we just do not look at wind or solar or geothermal. We think about things outside of the box, if you will, one of those being, for instance, clean coal technology.

There may be a way for us to burn coal and trap, or as the scientists use it, a \$24 word, sequester the carbon dioxide as it comes out of the smokestack. If we can sequester the carbon dioxide from coal, we can continue to use coal without, in fact, increasing our CO<sub>2</sub> emission, and we have an enormous supply of coal in this country.

There are other environmental challenges we have to address with this mining; but this is something we need to explore, and we need to have sort of an all-comers approach when we are doing research and development to look at all the potential energy efficiencies and new technologies that we can use in this regard. So we have taken an all-comers approach.

The third goal that we have is to break our addiction from Middle Eastern oil, and I do not think anyone has to be a foreign policy genius to understand that we have to act. Not just Republicans or Democrats, multiple administrations have skewed our foreign policy by necessity because of our addiction to oil. We certainly have not been as aggressive in insisting on Saudi

Arabia's ending the terrorist threat to this country as we should have been, and one of the reasons is because of our addiction to Saudi oil. It has made us lethargic in multiple administrations in dealing with this terrorist threat which now we are starting to actually make some improvements on. I heard today that Saudi Arabia is going to start to take some steps finally, way too late, to cut off financing for terrorism; but we need to get rid of this anchor on our foreign policy.

We need to make foreign policy decisions based on the security of Americans, rather than the security of the oil industry. To do that we have got to reduce our dependence on Middle Eastern oil; and what we have suggested is to set a goal, set a goal of saving or eliminating 600,000 barrels of oil a day, oil we otherwise would buy from the Mideast, by the year 2010; and that is an achievable goal using these new technologies. We set the goal of eliminating 2.4 million barrels of oil a day by the year 2015; and assessments by the Department of Energy have indicated that if we use our smarts and use these new technologies, we can, in fact, break that addiction to Middle Eastern oil if, in fact, we will use our heads.

Certainly, jobs are a good reason to do this. Our environment is a good reason to do this, but our personal security is an excellent reason to do this; and we ought to do that for all three reasons. Therefore, we set those effective goals that we would like to achieve.

Now we realize that we do not have all the answers starting out in this effort. So we have also essentially given future administrations flexibility to act; and in our bill, we have basically said that if these goals are not being met in a timely fashion, if we are not reducing our CO<sub>2</sub> emissions down to 1990 levels, as is our goal, if we are not reducing our oil by 600,000 barrels a day, as is our goal, if we are not on a path to create those millions of jobs that we want to create, we would give the administration further flexibility to, in fact, act in ways that it sees fit and certain efficiency measures to improve our productive capability to continue on the path of jobs and improve our efficiency because it is going to be a flexible standard in that regard.

In conclusion this evening, Mr. Speaker, we are very optimistic about our country's energy future. We are only optimistic if the U.S. Congress starts to act in a progressive way that really is in keeping with the can-do spirit of America. There are some naysayers who would say that we are just not smart enough, bright enough, creative enough, we are just going to have to sort of stick with the technologies that were invented in 1899, which much of our industrial energy policy we are still using; but we are the folks who believe that America is brilliant because we keep changing. America is successful because we are not sort of shackled by the ideas of the

past or the technologies of the past. So we believe that we ought to adopt this new approach.

I will be working with my colleagues to pass the new Apollo Energy Project. I do not know if it will be this year; but we believe it is going to happen, and it must happen because this is the destiny of the United States of America, the greatest country on Earth.

#### FEDERAL PRISON INDUSTRIES

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Under the Speaker's announced policy of January 7, 2003, the gentleman from Michigan (Mr. HOEKSTRA) is recognized for 60 minutes as the designee of the majority leader.

Mr. HOEKSTRA. Mr. Speaker, I want to spend a few minutes talking about an issue that I have got a passion for because it impacts workers around the country, and then I am going to be joined by my colleague from Minnesota to talk about another issue that we feel passionate about because it affects those folks who want to buy prescription drugs.

The first thing I want to do is I want to introduce my colleagues to a Federal program. Actually, I want to introduce my colleagues to a company in the United States of America, a company that is growing rapidly; and its automotive component sector last year grew by about 216 percent, and its office furniture segment grew by over 30 percent last year and grew in textiles, grew in a wide variety of different product categories that it produces. An outstanding company, creating jobs.

You kind of say who is this company, who is this great company? We are having some economic tough times around the country. Who is this company that is growing, growing in a number of different market segments and what is its secret to being competitive and growing in a tough economy? What is it doing that maybe other U.S. companies ought to be taking a look at?

The company that we are talking about tonight is called Federal Prison Industries. You say, excuse me, Federal Prison Industries, they are growing jobs? And the answer is, absolutely yes. Federal Prison Industries is one of these government monopolies. They enjoy an advantage which is called "mandatory sourcing"; and it means that if the Federal Government is looking at buying a product, whether it is shirts for the military, whether it is office furniture for the Federal Aviation Administration, or whether it is automotive components for its fleet of cars, the Federal Government is required to buy these products from Federal Prison Industries regardless of the price, regardless of the quality, regardless of the delivery schedule; and this has enabled Federal Prison Industries, or UNICORP as it is called, to become one of the fastest-growing companies in America today.

So as in certain parts of the country in my district or right outside of my

district, unemployment has now reached 8 percent, the highest in 11 years, home to the largest office furniture manufacturing company in America. You wonder how the Federal Government can grow office furniture by double digits in the last 12 months while the industry itself over the last 30 months has probably declined by 30 to 40 percent. Let's see, if the Federal Prison Industries is growing by double digits, the private sector is declining by double digits on an annual basis, what is happening?

What is happening is that Federal Prison Industries is going in and taking some significant business and using their preferred or mandatory source capability, is putting people in the private sector, we call them taxpayers, we call them workers, putting them out of jobs.

Just recently, Federal Prison Industries took this form of competition that they have to a new height. What happened was there was a project, and this was the Federal Aviation Administration requiring \$6 million, roughly \$6 million of new office furniture for their facilities. It is kind of like, yes, that is a good sized project that any one of a number of private sector companies would be thrilled to get. It is like, yes, we are going to go out and bid for that project.

So Federal Aviation Administration put this project out to bid and a number of companies went through the design process, the specification process, the pricing process and they put in a bid. The Federal Aviation Administration opened the bids and company A won the bid. The company was excited, like yes, we need this business, we have laid off workers with up to 25 years of seniority, up to 28 years of seniority, \$6 million may provide the opportunity, it is not going to solve their problem, but it may provide the opportunity to put some of these people back to work.

Are these people back to work? No, because as Federal Prison Industries came into the process, this is very unique. This company had won the bid, ready to go to work and at the last minute Federal Prison Industries walks in and says no, no, no, excuse me, you do not understand the bidding process when you are doing business with the Federal Government.

□ 2015

They said first round of bidding is you guys out in the private sector; the second round of bidding is we get to come in as Federal Prison Industries and take a look at the winning bid, and then we have a second round of bidding. Of course the second round of bidding is one company, Federal Prison Industries. And in this case Federal Prison Industries came in and literally copied the winning bid to the penny.

So they said we matched the bid price of the private sector, we are taking this business. And so now some folks in west Michigan who were hoping to go back to work are not going to

have the opportunity to go back to work, but we are going to be creating jobs for folks in Federal prisons.

It is not only the office furniture industry. Federal Prison Industries are huge in textiles. They put a number of textile companies out of business. Just last fall, Hathaway Shirts in New England closed. One of the reasons was one of the dress shirt contracts put out by the Air Force went not to Hathaway Shirts, went to Federal Prison Industries. This time, though, it was not that a few workers would be laid off, the company shut its doors and Hathaway Shirts, at least being made in that plant, are no longer made in the United States. Hathaway Shirts tried to compete. Federal Prison Industries was the organization that put the last nail in the coffin that resulted in the factory closing and these people being put out of work.

It is absolutely outrageous what is going on and what is going on with this Department of Justice, that this Department of Justice believes that the best way to rehabilitate Federal prisoners is by putting taxpayers out of work, and that the best way to compete and create high-quality and high-paying jobs in America today is to create new jobs for prisoners. And they are talking about building 11 new plants, new jobs for prisoners that are high-quality, high-paying jobs that pay in the neighborhood of 23 cents to \$1.15 an hour. Of course they pay no benefits.

They pay no taxes. Think about it. They pay absolutely no local taxes, so that is an advantage. They pay no State taxes, no sales taxes or Federal taxes. They do not pay any taxes. They put taxpayers out of work. It is a huge, huge problem. They are doing this in a whole series of different industries.

Look at the kinds of things that they make. Clothing and textiles is a business group. Electronics is a business group. Graphics business group; fleet management; vehicular components business group; industrial products business group; office furniture business group; and recycling activities business group.

They have declared war on American manufacturing. American manufacturing that is already under attack by low-cost producers in China and other parts of Asia, and it is very interesting. My colleagues come to the floor and they rail against Chinese prison labor, saying these people work in unsafe conditions. It is interesting. American prisoners, do they have the protection of OSHA? Absolutely not. So they are low paid, and work in unsafe conditions. They are government sponsored, just like our prisoners are government sponsored. So our manufacturers not only have to compete against low-cost manufacturing from overseas, they are also now in the process of having to fight their own government, their own Department of Justice.

Like I said, this is an industry that this Department of Justice has said is

going to be a growth industry for the Federal Government. They anticipate growing. And in office furniture alone, and this is an industry that has declined 30-40 percent, one would think that Federal Prison Industries would realize this is an industry that is facing some hard economic times, and that they might slack off in terms of the amount of business that they would take out of the Federal Government and let the private sector compete for more of this business. But when we look from 2002 to 2003, what has Federal Prison Industries' strategy been in office furniture? They are authorized to grow their business in office furniture by an additional 50 percent.

Office furniture workers in America who are competing against Canada, China, Korea, Indonesia, now are also competing against their own Federal Government, and their own Federal Government is not even giving them the slightest of a break and saying we have got the opportunity, we are going to increase our volume by up to 50 percent. They are looking for the growth numbers.

Federal Prison Industries, taxes; and this is from their annual report. As a wholly-owned corporation of the Federal Government, Federal Prison Industries is exempt from Federal and State income taxes, gross receipts taxes, and property taxes. That is not a bad way to run a business.

We have a reform proposal in place. The interesting thing for the reform proposal, we are not asking for Federal Prison Industries to be eliminated, although some of my colleagues would say that they should not be competing for these jobs, and that is exactly what Congress said back in the 1930s when they created Federal Prison Industries. They said they should have minimal to no impact on free labor, they should not be competing with the private sector. But they do.

All I am asking is let the workers in west Michigan, Minnesota, New England, and other States in the South, let them just compete for the opportunity to sell their products. Right now they cannot compete. What are the businesses that they are in? Clothing and textiles, \$157 million; electronics, \$116 million. They grew from \$116 million to \$132 million in electronics. Fleet management, automotive, which is an industry facing tough competition from overseas, and now they are facing it from their own government. Fleet management; in 2001 Federal Prison Industries grew their automotive component sales from \$31 million in 2001 to \$99 million in 2002.

Thank you very much, Federal Prison Industries. I wonder how many private sector workers they put out of work when they grew their business by \$68 million?

Office furniture, they went from \$174 million to \$217 million. They are authorized for another expansion of up to 50 percent in 2004.

Services, they grew from only \$8 million, but they are on the right track as

far as they are concerned. They are up to \$12 million.

Mr. Speaker, this is an area that needs congressional oversight. When American workers are under attack, I think it is time for this Congress to stand up and say we are going to stand up for American workers, we are going to stand up for American taxpayers. It is the right thing to do. And we are going to allow these folks to compete, to keep their jobs and compete against Chinese workers, to compete against Korean workers, and we are going to allow them to compete against American prison labor, labor that is paid 23 cents an hour to \$1.15 an hour in tax-free facilities which have no OSHA safeguards. It is the right thing to do.

We need a manufacturing base in the United States. And our reform bill does not say we are not going to have prisoners do nothing. We increase technical training. We increase the amount of work opportunities that we give to prisoners, but we say they should make things that will be used in the not-for-profit sectors. That is what Michigan does in its prisons. It does not compete against the private sector. We should take that kind of model and apply it to the Federal Government and Federal Prison Industries.

It is time for this Congress to act. We are looking forward to the Committee on the Judiciary moving a reform bill that does exactly that, allows American workers to again compete for their jobs, compete for the jobs that enable them to provide health care and a living to their families.

I walk around my district and I cringe every time when I run into a worker who says, I just got laid off; recognizing that as that person has gotten laid off, we have put people in our prisons to work for maybe the first time. But it is totally inappropriate for this government, for this Department of Justice to believe that its best strategy for dealing with inmates is to put them to work at the expense of American workers.

Mr. Speaker, I welcome one of my colleagues who is here tonight and change the subject. This is an issue that my colleague, the gentleman from Minnesota (Mr. GUTKNECHT), and I have a passion on because it addresses a real concern that we have, and again it is about competitiveness. I know my colleague is a firm believer in competitiveness, whether it is supplying products to the Federal Government or whether it is providing prescription drugs to our senior citizens or to other Americans. It is not just senior citizens.

One of the things that we face in America today is the gentleman and I both live in border States. One of the things that is happening in border States on the north and the southern borders of the U.S. is that consumers are rather smart. What are they doing?

Mr. Speaker, I yield to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Speaker, I thank the gentleman, and it is not just

Minnesotans and Michiganans who are smart. One of our favorite Presidents, Ronald Reagan, said it best: Markets are more powerful than armies. Starting several years ago, consumers figured out that they could buy their prescription drugs cheaper in Canada and Mexico, and now they know in Europe and almost every other industrialized country in the world they can buy the same drugs for dramatically less.

Mr. HOEKSTRA. Mr. Speaker, if my colleague will explain to me, many of these drugs are manufactured in the U.S. We are the largest market in the world for most of these prescription drugs. One would think in the largest market in the world, and when the drugs, many of them are made in the United States, we would not be paying a premium, we would be paying the lowest price. That is not the case?

Mr. GUTKNECHT. Mr. Speaker, as they used to say on The Tonight Show, you would be wrong, oh, great one. That is the irony. We are the world's best customers by any measure, and some people have challenged some of the sources, but nobody challenges the numbers. The numbers speak for themselves. Even now the pharmaceutical industry acknowledges that the world's best customers, the Americans, pay the world's highest prices for their drugs.

□ 2030

We are not just talking about a little bit more.

Mr. HOEKSTRA. We pay the highest prices. We do the development, the testing, we do all the market research and all of that here in the United States. We are the largest market. These drugs are made here, and we pay the highest prices.

Mr. GUTKNECHT. The gentleman is correct. It is one of the mysteries that we as public policymakers have been wrestling with for several years trying to figure out why is it the world's best customers pay the world's highest prices. It seems to me that we have an obligation as policymakers not only to try and get answers to those questions but, more importantly, to try and do something about it. I think the reason is, if I can just say this, if you go to Tokyo, Japan, and this is starting to change in Japan because Japan is starting to open up its markets, but for many years, if you went to Tokyo and you wanted to have a good steak—

Mr. HOEKSTRA. You would never want a good steak in Tokyo. It is too expensive.

Mr. GUTKNECHT. It would be over \$100. The same steak that you could get in Grand Rapids, Michigan, for \$15 or the same steak that I could get in Rochester, Minnesota, for \$15, you would pay over \$100 in Tokyo. Another example is blue jeans in the former Soviet Union. The Soviets decided that people did not need blue jeans, did not want blue jeans, and therefore they were not going to produce blue jeans in the former Soviet Union. So a black market started to develop for blue

jeans. The price reached over \$100 a pair for blue jeans. The example is analogous because any time you have a captive market, as they have in Japan with beef or they had in the Soviet Union with blue jeans, you will find that market forces will just go amuck because you are a captive market. Americans are being held captive not so much by the big pharmaceutical companies, but by our own FDA.

Mr. HOEKSTRA. I am assuming that the differences in price between the U.S. and Canada or the U.S. and Europe are not that significant. You would think that with the trade agreements and those types of things that we have that there would be some leveling out of prices. You might be able to explain some of the differences because of currency fluctuations and maybe some government regulations from one country to another, but I would not expect that you would find major differences in prices for products that many times were made in the same factory and just distributed from one point and distributed around the world. I am wrong again?

Mr. GUTKNECHT. Wrong again. Let me give you an example. This is a drug that my 85-year-old father takes. It is called Coumadin. Coumadin is a wonderful drug. It actually was developed at the University of Wisconsin.

Mr. HOEKSTRA. It was probably funded with some government research dollars.

Mr. GUTKNECHT. It was paid for by the taxpayers. Originally, as it was developed, the drug was called Warfarin. They are basically identical drugs, but Warfarin is used as a rat poison. It is a blood thinner. What they do is they give it to rats, rats will eat it, they go back to their little dens, they bleed to death internally, no mess, no fuss. It kills rats. They found that this made a great blood thinner for human beings as well.

Let me give you the differences in what Americans pay. The average price for this package of Coumadin in the United States is about \$84.

Mr. HOEKSTRA. I think you have just given me more information on Coumadin than I would like to have. I really did not want to know all of that. Let us just talk about the price.

Mr. GUTKNECHT. Warfarin, Coumadin, developed at the University of Wisconsin. The price here in the United States, about \$84 for this package. The price in Canada, only \$25. But here is the real kicker. Over in Europe they buy this same drug, as a matter of fact we bought this drug in Munich, Germany, for about \$16. About \$85 in the United States; \$16 in Germany. Here is the other interesting thing. People say, well, they have price controls in Canada. To a certain degree that is true. I am not one that supports price controls and neither, I think, do you.

Mr. HOEKSTRA. Not at all.

Mr. GUTKNECHT. Here is the interesting thing. They do not have price

controls in Germany. What they do in Germany is what we ought to do here, and that is they allow the pharmacists to shop for the best price.

Mr. HOEKSTRA. Whether it is from the Swiss or Spain or Canada or the U.S. Again, I am assuming many times that that product is going to be built in a factory perhaps even in the United States; or a single or a couple of factories are going to supply the world market for this product.

Mr. GUTKNECHT. There are only 600 FDA-approved facilities that make prescription drugs in the world. They have to be made in an FDA-approved facility. So, yes, these drugs essentially, this probably came out of a plant in the United States. Or it may have come out of a plant in Puerto Rico, which is part of the United States. Or it may have been made over in Europe somewhere, but they supply essentially the entire world from that plant. It is much more efficient.

I also have in my hand something, and it bothers me, some of these prices because we bought 10 and if anybody doubts my research, we have the receipt for the 10 largest-selling drugs. We bought these at the airport pharmacy in Munich, Germany. The total for this worked out to about \$373 American. Those same drugs, we checked the prices here in the United States of America, and again cash prices, walking in off the street, we are not talking about going to an HMO or any of these other things, the cash price was almost \$1,100 in the United States, more than double, almost triple the price for the same 10 most popular drugs.

Let me give you this example. This is the one that really chaps my hide. This is a drug called Tamoxifen. It is a very effective breast cancer drug. But it was developed essentially with Federal taxpayer dollars at the National Institutes of Health. They paid for almost all the research. This drug in the United States, this package of drugs sells for \$360. We bought it at the Munich airport pharmacy about a month ago for \$59.05 American. \$360 here, \$60 there. Worse than that, the American taxpayers paid for almost all the research costs on this drug.

Mr. HOEKSTRA. And you do not have to go to Germany. I met, I think, one of your constituents today or at least a woman from Minnesota today who I thought was dynamic. What was her name, Kate?

Mr. GUTKNECHT. Kate. Kate Stahl.

Mr. HOEKSTRA. Kate Stahl. She wants to get arrested. Why would she get arrested?

Mr. GUTKNECHT. Kate Stahl is a true American patriot. Once in a while you meet some people like this; and you just say again, as Ronald Reagan said, people who say there are no more American heroes, they do not know where to look. We met an American hero today. Her name is Kate Stahl. I want every Member of Congress to get a copy of last week's edition of the U.S. News and World Report, and there is a

special report by Susan Brink, the title of which is "Health on the Border, Elderly Americans head north and south to find drugs they can afford." It features Kate Stahl who works with the Senior Federation in the State of Minnesota. The caption above her little picture here says, "I'd like nothing better than to be thrown in jail." She stands on the shoulders of the Sons of Liberty who threw tea in Boston Harbor and said, enough is enough. She calls herself a drug runner. She goes to Canada to buy drugs for her friends.

Mr. HOEKSTRA. What does she do that would get her thrown into jail? Going to Canada or going to Mexico or going to Europe is not illegal to buy these drugs, is it?

Mr. GUTKNECHT. The FDA says it is.

Mr. HOEKSTRA. All right. Wrong again?

Mr. GUTKNECHT. Wrong again. They treat Kate Stahl and literally almost a million, or more than a million, Americans just like her, they treat her like a common criminal. This is an 84-year-old grandmother who is only doing this to try and save her friends and neighbors some dollars on the cost of prescription drugs. If one of them is suffering from breast cancer, \$360 is a lot of money. They can afford \$60, but \$360 is a lot of money. And it repeats itself, with all the drugs. Zolof, Zocor, we have got all the drugs. Glucophage. This is outrageous what they charge for Glucophage here in the United States. This drug has been around a long time. It is a miracle, marvelous drug. It really helps people with diabetes. But the bottom line is Americans are required to pay way too much because they are a captive market.

Mr. HOEKSTRA. The interesting thing, reclaiming my time, why is it so critical that we are talking about this tonight? The reason that my colleague from Minnesota and I are talking about this, and how many years has the gentleman been working on this?

Mr. GUTKNECHT. Longer than I want to remember. Actually I got started with this about 5 years ago. I always tell people that I have moved from fan to fanatic. Winston Churchill said a fanatic is one that cannot change his mind and will not change the subject.

Mr. HOEKSTRA. Which is kind of where I am with Federal Prison Industries. I have never been a fan of them, but I have been fanatical about it just because of the sheer injustice. But this is absolutely critical right now, just like the Federal Prison Industries because we are in a manufacturing slump right now and we need every manufacturing job we can get. But this is critical because we are looking at creating a Federal benefit, expanding the Medicare program to include prescription drugs. Actually, we could probably take care of much of the problem with prescription drugs if we would just deal with the pricing.

That is the scary thing. You cannot create a Federal entitlement for pre-

scription drugs and just promise folks that you are going to, and help folks that probably genuinely need it. We are going to do that and we are going to feel good about doing that; but at the same time as we provide them with that benefit, you cannot ignore the price side. Because if you ignore the price side, we are just going to explode the cost. And if we get at the price side, we can offer more benefits to more individuals, or we can offer the same benefits at a much lower cost to the American taxpayer. That is why we need to work on the benefit side at the same time that we are working on the price side, or we are going to find ourselves with a program that we just cannot afford.

Mr. GUTKNECHT. Absolutely. Let me just talk about this Glucophage. This package of Glucophage in the United States sells for over \$100. We bought it in Munich, Germany for \$5. \$5.

Mr. HOEKSTRA. Let us run this by again. \$100 in the U.S. and \$5 in Germany. This may be one of the bigger differentials of the drugs that you bought.

Mr. GUTKNECHT. I must admit I am using it as an example because it is probably the most egregious example, with the possible exception of Tamoxifen, which the taxpayers paid for.

Mr. HOEKSTRA. But just the sheer difference between these, for \$5 in Germany to \$100. The thing is, for anybody who has traveled, you typically do not go to an airport and expect best prices. It would be interesting what would happen if you went to a pharmacy in Germany and see whether you would be paying more or less. But the bottom line is an American could be in Munich and could buy that, the same package that when they left the U.S. it would cost them \$100; if they needed a refill, they would be paying \$5 in Germany.

Mr. GUTKNECHT. That is the point. If we are going to have a prescription drug benefit for seniors, which I think virtually everyone agrees we should, we ought to first of all deal with the issue of affordability. Because just shifting the responsibility of buying \$100 Glucophage onto the shoulders of the taxpayers really makes no sense, because ultimately we are going to bankrupt our children if we make a stupid mistake and do not deal with this issue of affordability in price. Listen, we are Republicans. I am a Republican. I do not think the word "profit" is a dirty word, but I do think the word "profiteer" is. I think it is time if we are going to get in this business, we ought to demand some accountability from the pharmaceutical industry.

Mr. HOEKSTRA. The other thing that happens on this, there is a ripple effect, because when you go to Canada, and we are competing against Canada for automotive manufacturing, furniture manufacturing, when a Canadian worker needs to pay for health care and if prescription drugs are a

part of their benefit, all of a sudden providing that benefit to a Canadian worker is a whole lot cheaper than it is providing that same benefit to a UAW employee or retiree in Detroit, Michigan, or to an active worker. That just says we are making it more expensive.

If you talk to your manufacturing people today, what are they complaining about? They are complaining about the escalating cost of health care which many and most people say is being driven primarily by the escalating cost of prescription drugs. The cost of prescription drugs is one thing. The cost of health care is another. But that has a ripple effect into other parts of our economy, which makes it more difficult for our workers to be competitive against other workers around the world. Again, Germany, they are buying that stuff for \$5. So for a German company or the German Government to provide that benefit to a factory worker is \$5. Here it is \$100. Where do you think it is going to be more expensive to manufacture a car or anything else? It is going to be more expensive here in the United States. So it has a ripple effect. It is not just prescription drugs. It is a ripple effect throughout. It is kind of like a cancer that starts eating at all these unintended consequences. That is why we have got to deal with it, and we have got to deal with it as we go through this prescription drug plan and this prescription drug debate.

Mr. GUTKNECHT. Absolutely. The time is now. You mentioned in coming from Michigan, General Motors has been a fabulous employer. Not only in the State of Michigan but for suppliers all over the world. The interesting thing is General Motors, I met with a General Motors lobbyist last week. Do you know how much they are going to spend this year on prescription drugs, the company? This is just for their employees and their retirees, \$1.3 billion. GM will spend \$1.3 billion. What is worse, that number is going up 16, 17, 18 percent per year. That is a cost before they sell the first automobile, before they sell any cars. Those are costs they have to pay for.

Mr. HOEKSTRA. Just think, the numbers and the examples you are using, a conservative estimate says rather than the U.S. price being 20 times what they might be able to get it somewhere else, let us say U.S. companies could save, 25, 30 percent. For a company like General Motors, for any employer, that gets to be real money. Think about it. For General Motors if they are spending \$1.3 billion, that would be \$300 million, either in lower prices, increased competitiveness, or better services and more benefits to their employees.

Mr. GUTKNECHT. Right.

□ 2045

We are absorbing that cost, and I think when we talked about this at a conference today, what somebody said is we are subsidizing the rest of the

world in health care and prescription drugs, and we are subsidizing. I think your term is, the "starving French," or the "starving Swedes," or the "starving Swiss."

Mr. GUTKNECHT. You can use whichever. I would say Americans are willing to pay their fair share. We understand there is a cost for research. We understand we have to pay that \$3.9 billion that one of the big pharmaceutical companies will spend this year on advertising and marketing. We understand that has to be paid. We are willing to pay our fair share. We are willing to subsidize the people in Sub-Saharan Africa. But we should not be willing to subsidize the starving Swiss.

Mr. HOEKSTRA. This affects the ability of GM to sell cars in Europe. This affects the ability of GM to sell cars in the United States against cars that are made in Europe by companies who are providing benefits to their workers. And we are subsidizing their health care. We are subsidizing health care in Canada, we are subsidizing it in Mexico, we are subsidizing it in Japan and in Europe, because we are paying prices that the rest of the world is unwilling to pay which means these companies can go to other places in the world and sell the prescription drugs for prices significantly lower than ours.

Mr. GUTKNECHT. Well, the real bottom line is virtually every other company has to compete in a world marketplace. What we are saying is let markets work. Open up the markets.

Finally, we are all concerned about safety. But this is a counterfeit-proof package. It is a blister pack, one of the first versions. It is getting better.

There is a great little company out in California that is helping to develop the technology for the new \$20 bills to make them counterfeit-proof. It is good enough for the U.S. Treasury, but, so far, not good enough for the FDA.

We are going to demonstrate in the coming weeks how we can have safety-sealed counterfeit-proof packaging which will guarantee the safety of drugs wherever they happen to come from. If the drug companies have to compete in a world marketplace, the way General Motors does, the way Eastman Kodak does, the way IBM does, the way Microsoft does, or the way every other company in America has to compete, you will see prices in the United States drop dramatically; and that amounts to billions and billions of dollars of savings, not just for retirees, but for all Americans.

Mr. HOEKSTRA. There is no reason drugs cannot cross borders safely. We have food that crosses borders safely, and there is no reason we cannot develop a system to maintain the integrity of prescription drugs as they go from Canada into the U.S. and those types of things. We can put the measure in place to ensure the safety and security of our prescription drug supply.

Mr. GUTKNECHT. We just have a few more minutes, and I will close by say-

ing this. The gentleman is exactly right. We import in the United States thousands and thousands of tons of fruits and vegetables and meats. As a matter of fact, this year we will import 318,000 tons of plantains. If we can safely import 318,000 tons of plantains, we can surely figure out a way to import Prilosec and Glucophage.

There is no way people will argue we cannot do this safely. We have the technology today. The time has come to open up markets, let our people go and stop this captive market. We will see prices drop in the United States by at least 30 percent.

Mr. HOEKSTRA. I thank my colleague for joining me talking about prescription drugs and talking about Prison Industries.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PALLONE) to revise and extend their remarks and include extraneous material:)

Mr. DEFAZIO, for 5 minutes, today.

Mr. BROWN of Ohio, for 5 minutes, today.

Mr. DAVIS of Illinois, for 5 minutes, today.

Ms. NORTON, for 5 minutes, today.

Ms. WOOLSEY, for 5 minutes, today.

Mr. STENHOLM, for 5 minutes, today.

Mr. MCDERMOTT, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. FILNER, for 5 minutes, today.

Mr. STRICKLAND, for 5 minutes, today.

(The following Members (at the request of Mr. GUTKNECHT) to revise and extend their remarks and include extraneous material:)

Mr. BURTON of Indiana, for 5 minutes, June 19.

Mrs. BLACKBURN, for 5 minutes, June 19.

Mr. GOSS, for 5 minutes, today.

Mr. SMITH of Michigan, for 5 minutes, June 16 and 17.

Mr. HENSARLING, for 5 minutes, today.

Mr. NUSSLE, for 5 minutes, today.

Mr. BURGESS, for 5 minutes, today.

#### ENROLLED BILL SIGNED

Mr. Trandahl, Clerk of the House, reported and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker.

H.R. 1625. An act to designate the facility of the United States Postal Service located at 1114 Main Avenue in Clifton, New Jersey, as the "Robert P. Hammer Post Office Building."

#### SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles: